



Summary of the March 26, 2014 Board of Directors Meeting

The following individuals were present at the meeting:

Directors and Alternates, Acting as Directors:

- Daniel W. Yohannes, Chief Executive Officer, MCC (Chairing for Secretary of State);
- Heather Higginbottom, Deputy Secretary of State (attending for Secretary of State);
- Sarah Bloom Raskin, Deputy Secretary of the Treasury (attending for Secretary of the Treasury) (Vice Chair);
- Earl Gast, Assistant Administrator, U.S. Agency for International Development (USAID)(attending for Dr. Rajiv Shah, Administrator);
- Mary Ryckman, Senior Policy Advisor, Trade and Development – Women’s Issues, Plus One for United States Trade Representative (USTR) (attending for Ambassador Michael Froman, USTR);
- Lorne Craner, Private Sector Board Member; and,
- Morton Halperin, Private Sector Board Member.

Invited Guests:

- Gayle Smith, Special Assistant to the President and Senior Director, National Security Staff (NSS), and
- Cristina Killingsworth, Program Examiner, Office of Management and Budget (OMB).

Other Participants:

1. Charles Rivkin (State+1)
2. Daniella Ballou-Aares (State)
3. Roland DeMarcellus (State)
4. Rebecca Grutz (State)
5. Todd Kushner (State)
6. Krishanti Vignarajah (State)
7. John Hurley (Treasury+1)
8. Carl Westphal (Treasury)

9. Elizabeth Branson (USTR+1)
10. David Atteberry (USAID+1)
11. Nathan Lokos (USAID/OIG)
12. Luke Ney (USAID)
13. Adna Karamehic-Oates (Mr. Halperin+1)
14. Monica Kladakis (Mr. Craner+1)
15. Harley Feldbaum (NSC+1)
16. Cassandra Butts (MCC)
17. Sheila Herrling (MCC)
18. Kamran Khan (MCC)
19. Paul Weinberger (MCC)
20. Chantale Wong (MCC)
21. Thomas G. Hohenthanner (MCC)
22. Lia Hanley (MCC+1)
23. Jim Blades (MCC)
24. Nasserie Carew (MCC)
25. Kyeh Kim (MCC)
26. Alicia Phillips Mandaville (MCC)
27. Jim Mazzearella (MCC)
28. Katerina Ntep (MCC)
29. Agnieszka Rawa (MCC)
30. Ann Barnes (MCC)
31. Andrea Hayes-Birchler (MCC)
32. Terry Bowie (MCC)
33. James Gerard (MCC)
34. Laura Leussing (MCC)
35. Chris Maloney (MCC)
36. John Mantini (MCC)
37. Carrie Monahan (MCC)
38. Pamela Woodard (MCC)
1. The Board approved the minutes from the December 10, 2013, Board meeting and the February

- 3, 2014, Audit Committee meeting.
2. *CEO Update.* Mr. Yohannes began with compact updates. The Election Commission declared Sánchez Cerén winner of the El Salvadorelections. Progress on promised policy reforms is expected before Compact signing. Good progress is reported on the Burkina Faso Compact, with completion expected on schedule in July, 2014.

On administrative matters, Mr. Yohannes provided three information updates:

1. A three-year interagency partnership was entered last week between MCC and the Office of Global AIDS Coordinator to advance the country ownership of HIV aid programs in Mozambique, Tanzania and Zambia, and a fourth country to be determined. The agreement provides for transfer by OGAC of \$21.87 million to MCC with MCC to advise and assist OGAC in a new business model for planning the country ownership of PEPFAR resources.
2. The President's Fiscal Year 2015 budget released earlier this month includes a request of a billion dollars for MCC. If accepted by Congress, the budget will provide about \$766 million for MCC assistance to partner countries and advancement of the President's initiatives, including Power Africa, and \$350 million for MCC as part of the President's Opportunity Growth and Security Initiative.
3. MCC's Corporate Governance documents are being updated for Board consideration.

Mr. Yohannes congratulated Cassandra Butts, nominated as U.S. Ambassador to the Commonwealth of the Bahamas, thanking her for service to MCC. He also congratulated Sarah Bloom Raskin on confirmation as Treasury Deputy Secretary.

3. *MCC'S Approach to Measuring Corruption.* The Board heard a presentation on MCC's approach to corruption and the principles guiding annual identification and selection of measures incorporated into the Control of Corruption Indicator. While the World Governance Indicator has continued to remain the best available for use on the scorecard for Control of Corruption, over the past ten years MCC has built a system of supplemental information in mitigation of weaknesses in the indicator and is now taking action to advance the measurement of corruption. A meeting co-hosted by MCC and Global Integrity is planned for April 15-16 to bring together governance data experts from NGOs, private sector, foundations, World Bank, and other donors and decision makers for discussion and formation of alliances that will lead to production of qualitatively better tools and measures of corruption and accountability. Support of agencies represented on the Board was offered for bringing together data experts and building off the body of anticorruption work across the U.S. Government in a collaborative effort to overcome worldwide governance data gaps
4. *Update on Country Engagement Post Fiscal Year 2014 Selection.* The Board then received an update on country engagement following the Fiscal Year 2014 Selection decision. The heads of state accepted the Board's concerns and established clear milestones to move forward. However, expectations should be managed given the impact of action taken by country legislative bodies and other realities of implementing policy and regulatory improvements. Civil society engagements continue and are being expanded in tracking country progress. The Board will continue to receive performance updates leading up to and at their December 2014 meeting. Open Society Foundation is hosting meetings with civil society from the five countries under discussion, and with representatives of United States civil society tracking these countries. Agencies represented by the

Board are invited to participate. Interpretation of supplemental information passed to the Board is within the Board's discretion.

5. *MCC's Approach to Infrastructure.* Finally, the Board heard a presentation on MCC's Approach to Infrastructure outlining key lessons learned, how those lessons have been incorporated into MCC's operational mode,¹ and an overview of operational priorities going forward. Lessons learned over ten years of approximately \$9 billion infrastructure investment and successful closing of fourteen compacts involve technical compact preparation to minimize delays, use of sector policy reform and institutional development to enhance sustainability and impact, and support of compacts with additional capital and expertise through early private sector engagement during compact design. Going forward, adjustments will continue to be made to ensure the compact development process is deliberate and focused while remaining committed to country ownership, and that operation results are converted into useable knowledge for the public.

The Board meeting adjourned at 11:01 a.m.